

No. 3-27/A039

Date SEP 28 1983

Fee \$160.00

ICC Washington, D. C.

WILMER, CUTLER & PICKERING

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ALLEN H. HARRISON, JR.

DIRECT LINE (202)

872-609 SEP 28 1983 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

September 28, 1983

SEP 28 1983 - 10 25 AM

Dear Madam Secretary:

INTERSTATE COMMERCE COMMISSION

On behalf of Itel Rail Corporation, I submit for filing and recording under the provisions of 49 U.S.C. § 11303(a), and the regulations promulgated thereunder, the enclosed two executed counterparts and two certified true copies of each of two secondary documents entitled, "Amendment Agreement and Assumption No. 2," and "Amendment Agreement No. 2," each to be recorded under the next available suffix letter under Recordation No. 8852, which we believe should be respectively, Recordation No. 8852-F and Recordation No. 8852-G.

The aforesaid documents act to assign certain responsibilities and obligations and to acknowledge acceptance thereof, and to amend documents recorded under the afore-mentioned Recordation No. and other Recordation Nos. which are the subject of requested cross-indexing mentioned below.

The parties to Amendment Agreement and Assumption No. 2 are:

Itel Corporation - Assignor
Two Embarcadero Center
San Francisco, California 94111

Itel Rail Corporation - Assignee
55 Francisco
San Francisco, California 94133

First Security State Bank - Owner-Trustee
381 East Broadway
Salt Lake City, Utah 84111

The parties to Amendment Agreement No. 2 are:

First Security Bank of Utah,
National Association - Trustee
79 South Main Street
Salt Lake City, Utah 84125

First Security State Bank - Owner-Trustee
381 East Broadway
Salt Lake City, Utah 84111

RECEIVED
SEP 28 10 30 AM '83
FEE OPERATION BR.
U.S.C.

Think these will
be: 8852-F
8852-G

Andrew F. Schmidt
C. Quintero

Enclosed is a check of this firm in the amount of \$160.00, \$20 of which is to pay the recordation fees for the two above-mentioned secondary documents, \$90 of which is to pay the nine cross-indexing requests of Amendment Agreement and Assumption No. 2, and \$50 of which is to pay the five cross-indexing requests of Amendment Agreement No. 2, mentioned below.

The equipment covered by the two documents consist of seven hundred forty (740) 50'6" Boxcars, AAR Mechanical Designation XM, bearing Road Numbers PW 301-400, both inclusive, CPLT 7700-7749, both inclusive, AN 5000-5199, both inclusive, ADN 8000-8149, both inclusive, and CCR 6150-6389, both inclusive.

A short summary of the Amendment Agreement and Assumption No. 2 to appear in the Index is as follows:

"Assignment of obligations and acceptance thereof, from Itel Corporation to Itel Rail Corporation and related amendments to documents designated in filing."

A short summary of the Amendment Agreement No. 2 to appear in the Index is as follows:

"Documents designated in filing amended as to responsible party."

Please cross-index Amendment Agreement and Assumption No. 2 under the nine entities listed as follows:

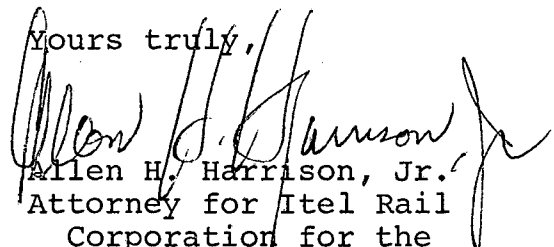
- (1) The name, Itel Rail Corporation
- (2) Recordation No. 8796
- (3) " " 8798
- (4) " " 8837
- (5) " " 8838
- (6) " " 8873
- (7) " " 8905
- (8) " " 8931
- (9) " " 8940

Please cross-index Amendment Agreement No. 2 under the five entities listed as follows:

- (1) The name, Itel Rail Corporation
- (2) Recordation No. 8873
- (3) " " 8905
- (4) " " 8931
- (5) " " 8940

Once the filings have been made, please return to bearer the two stamped executed counterparts and one of the certified true copies of each of the two documents, retaining one certified true copy of each document for your file. Also, please return to bearer the fee receipt and the letter from the Interstate Commerce Commission acknowledging the filing of the two documents, together with the two extra copies of this letter of transmittal stamped to indicate the filings and recordings.

Yours truly,


Allen H. Harrison, Jr.
Attorney for Itel Rail
Corporation for the
purpose of making
this filing

Honorable Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

9/28/83

OFFICE OF THE SECRETARY

Allen H. Harrison, Jr., Esq.
Wilmer, Cutler & Pickering
1665 K Street, N.W.
Washington, D.C. 20006

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **9/28/83** at **10:35am**, and assigned re-recording number(s). **8852-F & 8852-G**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

CERTIFICATION OF TRUE COPY

RECORDATION NO. 8852-F Filed 1425

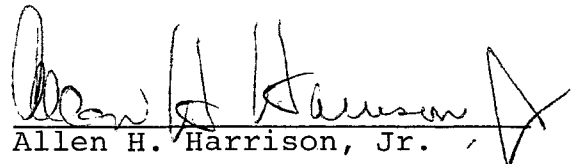
SEP 28 1983 -10 25 AM

INTERSTATE COMMERCE COMMISSION

DISTRICT OF COLUMBIA) SS.:

I, Allen H. Harrison, Jr., a member of the Bars of the District of Columbia and the Commonwealth of Virginia, do hereby certify that I have compared the attached copy of the document entitled "Amendment Agreement and Assumption No. 2" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his signature this 27th day of September, 1983.


Allen H. Harrison, Jr.

Subscribed and sworn to
before me this 27th day
of September, 1983.


Notary Public, D.C.

My commission expires:

May 21, 1984

Amendment Agreement and Assumption No. 2
(hereinafter called this Amendment) dated as
of September 19, 1983, between ITEL
CORPORATION, a Delaware Corporation
(hereinafter called Itel), acting through its
Rail Division, ITEL RAIL CORPORATION, a
Delaware Corporation (hereinafter called Itel
Rail) and FIRST SECURITY STATE BANK, not in
its individual capacity but solely as
Owner-Trustee (hereinafter called the
Owner-Trustee) under five separate Trust
Agreements (hereinafter called collectively
the Trust Agreements and individually the
Trust Agreement) dated as of May 15, 1977,
June 15, 1977, July 15, 1977, August 1, 1977
and August 15, 1977 with Pacific Systems, Inc.
(now Bamerilease Capital Corp.) The Budd
Leasing Corp., Viking Yacht Company, ITT
Industrial Credit Company and Dial Leasing
Corporation, respectively (hereinafter called
collectively the Owners and individually the
Owner).

WHEREAS, SSI Rail Corp. (hereinafter called SSI) and
the Owner-Trustee have heretofore entered into five separate

Leases of Railroad Equipment bearing Nos. 2, 3, 4, 5 and 6 respectively (hereinafter called collectively the Agreements and individually the Agreement), dated as of May 15, 1977, June 15, 1977, July 15, 1977, August 1, 1977, and August 15, 1977, respectively, pursuant to which SSI is leasing from the Owner-Trustee certain units of railroad equipment described in Schedule A of each Agreement (such equipment leased under the Agreements being hereinafter called collectively the Trust Equipment), and Itel, as successor by merger to SSI, is obligated under each Agreement to pay to the Owner-Trustee certain rentals therefor and to perform and observe certain terms, covenants and conditions thereof;

WHEREAS, Itel, as successor by merger to SSI, is the lessor under certain Agreements of Lease, more particularly described in Exhibit A attached hereto (hereinafter called the Subleases), pursuant to which Itel is subleasing the units of Trust Equipment to certain short-line railroads;

WHEREAS, Itel, as successor by merger to SSI, is the assignor under five separate Assignments of Sublease (hereinafter called the Sublease Assignments), pursuant to which SSI has given and assigned to the Owner-Trustee, as security for the obligations of SSI under the Agreements, a security interest in all rents, moneys and proceeds due or to become due with respect to the Trust Equipment under the Subleases;

WHEREAS, First Security Bank of Utah, National Association, as trustee (the Trustee), and the Owner-Trustee have heretofore entered into five separate Equipment Trust Agreements dated as of May 15, 1977, June 15, 1977, July 15, 1977, August 1, 1977, and August 15, 1977, respectively, which were amended pursuant to an Amendment Agreement dated as of December 15, 1977 between the Trustee and the Owner-Trustee (such Equipment Trust Agreements as amended hereinafter called collectively the Security Documents and individually the Security Document) pursuant to which 9 1/2% Equipment Trust Certificates, 1977 Series 3, Secured by SSI Rail Corp. Leases Nos. 2, 3, 4, 5 and 6, respectively, have been issued (such equipment trust certificates issued pursuant to the Security Documents being hereinafter called collectively the Trust Certificates);

WHEREAS, pursuant to five separate Participation Agreements (hereinafter called collectively the Participation Agreements and individually the Participation Agreement) dated as of May 15, 1977, June 15, 1977, July 15, 1977, August 1, 1977, and August 15, 1977, respectively, each being among SSI, Itel, the respective Owner which entered into the Trust Agreement dated as of the date of such Participation Agreement, the Owner-Trustee and the purchasers listed in

Exhibit A to the Participation Agreements (hereinafter called the Purchasers), the Purchasers severally have purchased Trust Certificates in the aggregate principal amount as provided in the Participation Agreements;

WHEREAS, SSI had entered into a separate Indemnity Agreement with each of the Owners (hereinafter called collectively the Indemnity Agreements and individually the Indemnity Agreement) dated as of the date of the Trust Agreement executed by such Owner, pursuant to which SSI agreed to indemnify such Owner under certain circumstances against the loss of certain tax benefits contemplated to accrue to such Owner by reason of its participation in the transactions contemplated by the Trust Agreement to which such Owner is a party and SSI had entered into a separate commitment and compensation agreement with each of the Owners (hereinafter called collectively the Commitment Agreements and individually the Commitment Agreement);

WHEREAS, Itel has heretofore executed and delivered a Guaranty Agreement with respect to each Agreement and Indemnity Agreement (hereinafter called collectively the Old Guaranty Agreements and individually the Old Guaranty Agreement) dated as of the date of such Agreement and Indemnity Agreement;

WHEREAS, the Owner-Trustee and the Trustee

heretofore entered into an Assignment of Lease and Agreement with respect to each Agreement and Old Guaranty Agreement (hereinafter called collectively the Lease Assignments and individually the Lease Assignment) dated as of the date of such Agreement and Old Guaranty Agreement, pursuant to which the Owner-Trustee has assigned to the Trustee such Agreement and such Old Guaranty Agreement (insofar as such Old Guaranty Agreement provided a guaranty of the observance and performance of the covenants, obligations and agreements of the lessee under such Agreement), and SSI and Itel have consented to each Lease Assignment pursuant to a Consent and Agreement (hereinafter called collectively the Consents and severally the Consent);

WHEREAS, SSI and Itel heretofore entered into a Covenant Agreement (hereinafter called the Covenant Agreement) dated as of March 15, 1977, pursuant to which SSI and Itel made certain covenants and agreements for the benefit of the Trustee and the holders from time to time of the outstanding Trust Certificates;

WHEREAS, in connection with the merger of SSI into Itel, Itel pursuant to an Amendment Agreement and Assumption dated as of December 15, 1977 between Itel and the Owner Trustee (hereinafter called Amendment Agreement and Assumption No. 1), assumed the due and punctual performance and

observance of all the terms, covenants and conditions of and the due and punctual payment of all amounts under each of (a) the Participation Agreements, (b) the Agreements, (c) the Indemnity Agreements, (d) the Consents, (e) the Subleases and (f) the Sublease Assignments in like manner as if Itel were named therein in lieu of SSI, and the Old Guaranty Agreement ceased to be of any effect;

WHEREAS, in connection with the merger of SSI into Itel, Itel entered into an Amended and Restated Covenant Agreement dated as of December 15, 1977;

WHEREAS, pursuant to a Settlement Agreement dated as of January 15, 1983 (the Settlement Agreement), the Trustee and the Holders agreed to the assumption by Itel of the Operative Agreements and the assignment by Itel to Itel Rail of its rights and obligations under the Operative Agreements (as hereinafter defined) and the assumption by Itel Rail of Itel's rights and obligations thereunder;

WHEREAS, pursuant to the Settlement Agreement, Itel agreed to guaranty for the sole benefit of the holders of the Trust Certificates the obligations of Itel Rail under the Agreements under a Non-recourse Guaranty Agreement dated the date hereof (the Guaranty) and to secure its obligations under the Guaranty by a pledge of the stock of Itel Rail pursuant to a Stock Pledge Agreement between Itel and the

Trustee, dated the date hereof;

WHEREAS, pursuant to the Settlement Agreement, Itel Rail agreed to execute and deliver to the Trustee a New Covenant Agreement (the New Covenant Agreement) on the date hereof;

WHEREAS, pursuant to the Settlement Agreement and a certain Assumption Agreement dated January 15, 1983 Itel assumed the Operative Agreements pursuant to Section 365 of the Bankruptcy Code;

WHEREAS, pursuant to the Settlement Agreement and the Assumption Agreement, the Trustee and the Owner-Trustee respectively agreed to enter into an Amendment Agreement No. 2 dated the date hereof for the purposes of amending the Security Documents (hereinafter called the Security Document Amendment No. 2);

WHEREAS, Itel is being reorganized under Chapter 11 of Title 11 of the United States Code, as amended, and a Plan of Reorganization (the Plan) has been confirmed and Itel and First Security Bank of Utah, N.A. as Trustee have entered into an Amended and Restated Consolidated Equipment Trust Agreement (hereinafter called the ETC Modification Agreement attached hereto as Exhibit B);

WHEREAS, the parties hereto desire by this Amendment to amend and supplement certain provisions of each of the

Agreements and to consent to the assignment by Itel to Itel Rail and the assumption by Itel Rail of the due and punctual performance and observance of all the terms, covenants and conditions of and the due and punctual payment of all amounts payable under each of (a) the Participation Agreements, (b) the Agreements, as amended and supplemented, as provided in this Amendment, (c) the Indemnity Agreements, (d) the Consents, (e) the Subleases, (f) the Sublease Assignments and (g) the Commitment Agreements (such agreements and instruments being hereinafter called collectively the Operative Agreements) in like manner as if Itel Rail were named therein in lieu of Itel;

WHEREAS, all requirements of law and of the Certificate of Incorporation and By-Laws of Itel Rail and of the Operative Agreements and the Security Documents have been complied with and all things necessary to make this Amendment a valid and binding agreement have been done and performed; and

WHEREAS, each Agreement was filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and each Sublease and Sublease Assignment was similarly filed and recorded, all on the dates, and with the recordation numbers, as are set forth in respect thereof in Exhibit C attached hereto:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. This Amendment shall not become effective until, and shall be effective upon, the effective date of the Plan as therein defined (hereinafter called the Effective Date).

2. Itel hereby assigns to Itel Rail from and after the Effective Date all of its rights and obligations under the Operative Agreements.

3. Itel Rail hereby assumes from and after the Effective Date the due and punctual performance and observance of all of the terms, covenants and agreements of and the due and punctual payment of all amounts payable under the Operative Agreements in like manner as if named therein in lieu of Itel or SSI.

4. Each Agreement is hereby amended by adding the following WHEREAS clause:

WHEREAS, Itel Corporation (hereinafter, as guarantor, called Guarantor) is willing to guarantee to Trustee on a non recourse basis, for the sole benefit of the Purchasers the observance and performance of the covenants, obligations and agreements of Lessee under this Lease pursuant to a Non-recourse Guaranty Agreement (hereinafter called the Non-recourse Guaranty Agreement) and to enter into a Stock Pleóge Agreement with the Trustee to secure its obligations under the Non-recourse Guaranty Agreement.

5. Each Agreement is hereby amended by restating in

their entireties the definitions therein of (a) "Lessee" to mean Itel Rail Corporation, a Delaware corporation, as assignee of Itel under such Agreement, and its successor or successors complying with the provisions of § 12 of such Agreement and the applicable provisions of the Covenant Agreement and (b) "Covenant Agreement" to mean the New Covenant Agreement dated as of September 19, 1983, executed by the Lessee and delivered by the Lessee to the Trustee. All references in each of the Agreements to "Security Document" shall be deemed to include all amendments thereto, including the Security Document Amendment No. 2.

6. Section 7 of each Agreement is hereby amended by restating the sixth paragraph thereof to read as follows:

"The Lessee agrees that it will, at all times prior to the return of the Units to the Owner-Trustee in accordance with the provisions of this Lease, and at its own cost and expense, keep or cause to be kept each Unit insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee at not less than the value of such Unit from time to time payable by railroad companies in possession of such Unit in the event the same should then be destroyed beyond repair pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the Association of American Railroads, with deductibles no greater than \$25,000 per occurrence, and will maintain general public liability insurance with respect to the Units against damage because of bodily injury, including death, or damage to property or others, such insurance to afford protection to the limit of not less than \$5,000,000 per occurrence. Any such general public liability insurance may have applicable thereto deductible or self-insured retention provisions which are identical to deductible or

self-insured retention provisions, as the case may be, applicable to insurance on all boxcar equipment in Lessee's boxcar fleet similar to the Units; provided however, that the amount of such deductible or self-insured retention shall not exceed \$150,000."

7. § 10 of each Agreement is hereby amended by restating the first paragraph thereof in its entirety to read as follows:

"10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

"A. payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for five days after such payment is due; or

"B. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement, the Consent or any Sublease Assignment, and such default shall continue, or provision satisfactory to the Owner-Trustee and the Trustee for compliance with such covenant, condition or agreement as to which the Lessee shall be in default shall not be made, for 30 days after written notice from the Owner-Trustee or the Trustee to the Lessee specifying the default and demanding that the same be remedied; or

"C. the Lessee shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become

due, or action shall be taken by the Lessee in furtherance of any of the aforesaid purposes; or

"D. an Event of Default set forth in Article Five of the Security Document shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement; or

"E. any material representation or warranty made by the Lessee herein or in the Participation Agreement, or the Indemnity Agreement or in any document or certificate furnished the Owner-Trustee, the Owner, the Trustee or the holder of any Trust Certificate by the Lessee in connection herewith or therewith or pursuant hereto or thereto shall be incorrect as of the date as of which made in any material respect; or

"F. the Lessee or any Subsidiary (as defined in the Covenant Agreement) shall default in the payment of any Indebtedness (as defined in the Covenant Agreement) or any rentals or other obligations described in Section 2.02(f) of the Amended and Restated Covenant Agreement dated as of December 15, 1977 (other than Indebtedness, rentals or other obligations payable under this Lease) beyond any period of grace provided with respect thereto, or shall default in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created, and (i) the effect of such default, if it occurs prior to the stated maturity or scheduled date for the payment thereof, is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, (a) Indebtedness, such rentals or other obligations to become due prior to the stated maturity or scheduled date for the payment thereof or (b) such agreement to be terminated; (ii) the aggregate principal amount of (a) Indebtedness, rentals and other obligations with respect to the payment of which the Lessee or any Subsidiary is so in default and (b) Indebtedness, rentals and other obligations (including for this purpose the full amount of Capitalized Lease Rentals (as defined in the Covenant Agreement)) which are or may then be so

accelerated exceeds 10% of the aggregate principal amount of all consolidated Funded Debt (as defined in the Covenant Agreement) at the time outstanding and (iii) such default is not cured within 30 days after such event would, but for this clause (iii), constitute an Event of Default hereunder; or

"G. a decree or order shall have been entered by a court of competent jurisdiction adjudging the Lessee a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Lessee under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Lessee (and such decree or order shall not have been discharged, stayed or otherwise rendered ineffective within 60 days after such entry); or

"H. default shall be made in the observance or performance of any of the covenants and agreements set forth in the Covenant Agreement and such default shall continue for 30 days after written notice from the Trustee to the Lessee specifying such default and demanding the same to be remedied;

then, in any such case (except as otherwise provided in the last paragraph of this Section 10 with respect to an Event of Default under Section 10H of this Lease), the Owner Trustee, at its option, may,

"(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

"(b) by notice in writing to the Lessee terminate this lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be located, without judicial process if this can be done without breach of the peace, and take

possession of all or any of the Units and subleases covering the Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee or any sublessees of the Units, or their respective successors or assigns (the rights and interests of all sublessees of the Units being subordinate and junior to the rights of the Owner-Trustee and its successors or assigns), to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6.05% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount with respect to each Unit equal to the excess, if any, of the Casualty Value thereof as of the rental payment date on or next preceding the date of termination

over the amount the Owner reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time, provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) or (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale; or

"(c) direct sublessees of the Units to make all rental payments and to pay all other amounts and render all performances due to the Lessee under any subleases covering the Units to the Owner-Trustee and its successors or assigns hereunder, which direction shall be joined in by the Lessee.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Owner's or the Owner-Trustee's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit."

8. § 10 of each Agreement is hereby further amended by adding the following paragraph at the end of Section 10, which paragraph shall be the last paragraph of Section 10 of each Lease:

"Notwithstanding any other provision hereof, so long as any of the Amended Trust Certificates hereinafter referred to are outstanding, neither the Owner-Trustee nor the Owner shall exercise any remedy set forth herein solely as the result of the

occurrence of an Event of Default described in Section 10H hereof unless the trustee (the "ETC Trustee") under a Consolidated Amended and Restated Equipment Trust Certificate Agreement (the "ETC Modification Agreement") dated as of September 19, 1983, shall have declared, or the holders of a majority in aggregate principal amount of the Amended Trust Certificates (as defined in the ETC Modification Agreement) then outstanding shall have requested the ETC Trustee to declare, to be due and payable the entire amount of payments due and payable in respect of the Amended Trust Certificates and all outstanding ETC Holder Deferrals (as defined in the ETC Modification Agreement) (such declaration being hereinafter referred to as an "Acceleration Declaration"); provided that the foregoing limitation shall not apply to an Event of Default under Section 10H resulting from a default under Section 2.06 of the Covenant Agreement. If at any time after an Acceleration Declaration and/or after the Owner-Trustee or the Owner commences the exercise of any remedy permitted herein in favor of the Owner-Trustee or the Owner solely as the result of an Event of Default under Section 10H any and all defaults under the Covenant Agreement giving rise to an Event of Default under Section 10H are cured or waived pursuant to the provisions of the Covenant Agreement, then so long as the Owner-Trustee and/or the Owner shall not have proceeded to final judgment or terminated this Lease, the Owner-Trustee and/or the Owner shall promptly waive such Event of Default under Section 10H and, so long as there exists no other Event of Default hereunder or any default which with notice or lapse of time, or both, would constitute an Event of Default, the Owner-Trustee and/or the Owner shall waive the consequences of the Event of Default under Section 10H. In the case that after the Owner-Trustee and/or the Owner shall have proceeded to enforce any right under this Lease and the Owner Trustee and/or the Owner shall have waived the consequences of the Event of Default under Section 10H such proceedings shall be discontinued or abandoned and the parties shall be restored respectively to their several positions prior to such proceedings.

9. § 19 of each Agreement is hereby amended by

restating in its entirety the address for delivery of notices to the Lessee as follows: if to the Lessee, Itel Rail Corporation, 55 Francisco Street, San Francisco, California 94133, Attention of Vice President of Finance; and by adding the following: if to the Guarantor, Itel Corporation, One Embarcadero Center, San Francisco, California 94111, Attention of Vice President of Finance.

10. Each Participation Agreement is hereby amended so that from and after the Effective Date the term (a) "Lessee" shall mean Itel Rail Corporation, a Delaware Corporation, as assignee of Itel Corporation and its successor or successors and (b) "Covenant Agreement" shall mean the New Covenant Agreement dated as of September 19, 1983, executed by the Lessee and delivered by the Lessee to the Trustee.

11. Itel Rail represents and warrants as follows:

(a) Itel Rail has full power, authority and legal right to execute and deliver this Amendment and the New Covenant Agreement and to perform and observe the terms and conditions hereof and thereof and of the Operative Agreements as herein contemplated.

(b) The execution and delivery by it of this Amendment and the New Covenant Agreement, the consummation of the transactions contemplated herein and therein and in the Operative Agreements and the

fulfillment of the terms hereof and thereof and the compliance by it with the terms and provisions hereof and thereof will not result in any violation of its corporate charter or by-laws or in any breach of any applicable law, or any regulation, order, injunction or decree of any court or governmental instrumentality or of any of the terms, conditions or provisions of, or constitute a default under, or with notice or lapse of time, or both, constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any of its property or assets pursuant to, any indenture, agreement or other instrument to which it is party or by which it or its property may be bound other than as provided in the Operative Agreements.

(c) No authorization or approval of any governmental agency or commission or public or quasi-public body or authority of the United States of America, any state thereof or the District of Columbia, or of any department or subdivision of any thereof, is necessary for the due execution and delivery by ITEL Rail of this Amendment and the New Covenant Agreement or for the validity of this Amendment and the New Covenant Agreement or for the validity or enforceability of any

of the Operative Agreements as against Itel Rail.

12. The Owner-Trustee represents and warrants that it has full power and legal right to carry on its business as now conducted, and is duly authorized and empowered to execute and deliver this Amendment and the Security Document Amendment No. 2, and to perform and observe the terms and conditions hereof and thereof and of the Operative Agreements and the Security Documents as amended by the Security Document Amendment No. 2 as herein and therein contemplated.

13. Itel Rail shall, promptly after the execution and delivery of this Amendment and the Security Document Amendment No. 2, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act.

Itel Rail shall furnish to the Trustee and the Owner-Trustee promptly after such filing and recording evidence thereof and an opinion of counsel of Itel Rail with respect thereto satisfactory to the Trustee and the Owner-Trustee.

14. The provisions of this Amendment, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by

officers thereunto duly authorized, and their respective
seals to be affixed hereto and duly attested, all as of the
date first above written.

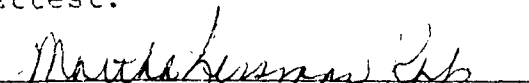
ITEL CORPORATION, acting
through its Rail Division,

By 
President, Rail Division

Date 9/19/83

[Corporate Seal]

Attest:


Assistant Secretary

ITEL RAIL CORPORATION

By 
President

Date 9/19/83

[Corporate Seal]

Attest:


Assistant Secretary

FIRST SECURITY BANK,
not in its individual capacity
but soley as Owner-Trustee

BY *Levin S. Eichen*
Authorized Officer

Date _____

[Seal]

Attest: *JR Adams*

STATE OF CALIFORNIA)

COUNTY OF *San Francisco*) SS.:

On this *17* day of *September*, 1983, before me personally appeared *Edward M. O'Dea*, to me personally known, who, being by me duly sworn, says that he is the President of the Rail Division of ITEL CORPORATION, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]

Notary Public

[Notarial Seal]

My Commission expires

May 8, 1987



STATE OF CALIFORNIA)

COUNTY OF *San Francisco*) SS.:

On this *17* day of *September*, 1983, before me personally appeared *Edward M. O'Dea*, to me personally known, who, being by me duly sworn, says that he is the President of ITEL RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

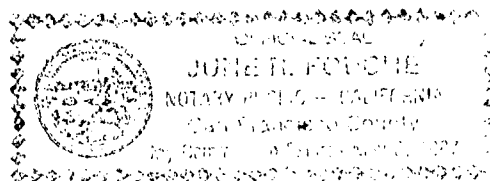
[Signature]

Notary Public

[Notarial Seal]

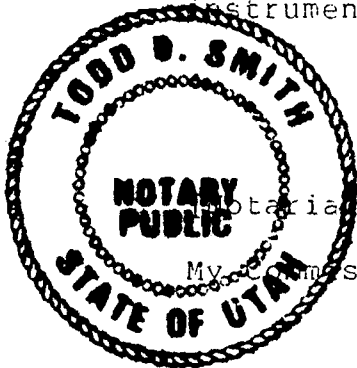
My Commission expires

May 8, 1987



STATE OF UTAH)
) ss.:
COUNTY OF SALT LAKE)

On this 16 day of Sept, 1983, before me personally appeared **FUCHIA B. EICHERS**, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the seal of said bank and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



Todd B. Smith

Notary Public

[Notarial Seal]

My Commission expires 8/13/85

EXHIBIT A

(i) Lease agreement, dated as of April 29, 1977, between SSI and The Corinth & Counce Railroad Company, as amended by Amendment A, executed on April 29, 1977, and Amendment B, dated as of July 1, 1978;

(ii) Lease agreement, dated as of March 29, 1977, among Itel, SSI, and Ashley, Drew & Northern Railway Company, as modified by a letter dated March 29, 1977;

(iii) Lease agreement, dated as of February 9, 1977, between SSI and Camino, Placerville & Lake Tahoe Railroad, as amended by First Amendment, dated as of September 6, 1978;

(iv) Lease agreement, dated as of January 25, 1977, between SSI and Apalachicola Northern Railroad Company.

Exhibit C

The terms used in this Exhibit C shall have the respective meanings thereof set forth in the Amendment Agreement and Assumption to which this Exhibit C is attached.

<u>Date of Agreement</u>	<u>Date of Lease Assignment</u>	<u>Date of Filing of Agreement with ICC</u>	<u>ICC Recordation Number for Agreement</u>	<u>Date of Filing of Lease Assignment with ICC</u>	<u>ICC Recordation Number for Lease Assignment</u>
Mar. 15, 77	Mar. 15, 77	May 11, 77	8822-B	May 11, 77	8822-C
May 15, 77	May 15, 77	Jun. 10, 77	8852-B	Jun. 10, 77	8852-C
June 15, 77	June 15, 77	Jul. 7, 77	8873-B	Jul. 7, 77	8873-C
Jul. 15, 77	Jul. 15, 77	Jul. 27, 77	8905-B	Jul. 27, 77	8905-C
Aug. 1, 77	Aug. 1, 77	Aug. 9, 77	8931-B	Aug. 9, 77	8931-C
Aug. 15, 77	Aug. 15, 77	Aug. 17, 77	8940-B	Aug. 17, 77	8940-C

<u>Sublessee under Sublease</u>	<u>Date of Sublease</u>	<u>Date of Sublease Assignment</u>	<u>Date of Filing of Sublease with ICC</u>	<u>ICC Recordation Number for Sublease</u>	<u>Date of Filing of Sublease Assignment with ICC</u>	<u>ICC Recordation Number for Sublease Assignment</u>
Camino, Placerville & Lake Tahoe Railroad	Feb. 9, 77	Jun. 29, 77	Apr. 27, 77	8798	Jul. 7, 77	8798-A
Apalachicola Northern Railroad Company	Jan. 25, 77	Jun. 30, 77	Apr. 27, 77	8796	Jul. 7, 77	8796-A
Ashley, Drew & Northern Railway Company	Mar. 29, 77	Jul. 29, 77	May 27, 77	8837	Jul. 28, 77	8837-C
Ashley, Drew & Northern Railway Company	Mar. 29, 77	Aug. 9, 77	May 27, 77	8837	Aug. 9, 77	8837-E
The Corinth & Counce Railroad Company	Apr. 29, 77	Aug. 31, 77	May 27, 77	8838	Aug. 31, 77	8838-B
The Corinth & Counce Railroad Company	Apr. 29, 77	Sept. 8, 77	May 27, 77	8838	Sept. 8, 77	8838-D